017-E

Revisions to the College's Budget and current performance.

Because of a number of factors, the revised college budget shows the College's budget to be in worse shape than it currently is. This is primarily due to the lack of college representation at the October board meeting and the December Executive Committee meeting. When college representation was available, the information provided was either disregarded or overridden by university officials. The revised budget presented to the board was made on guidelines and included revisions that were never made known to college officials or the college's governing bodies. The revised budget is also based on risks that the board of trustees has pledged to support, most notably the lead gift line for the capital campaign that began at the college this past year.

In April, Adcil and the College passed a 2001-2002 budget. After review of that budget in ULC, the University administration/CFO recommended a list of 82 points for inclusion in the College's budget. Of these 82, 29 made their way into the College budget, including the lead gift line of $1,659,688.

At the June 2001 meeting, the board of trustees, upon the recommendation of the Chancellor, the Finance Committee, and the ULC, increased the Lead Gift line from the ULC recommend budgeted amount of $1,659,688 to $2,000,000. This increase was intended to reflect the startup costs of the capital campaign. To compensate for this increase, the Board further authorized a list of items that were to be encumbered, including the Development office position of Director of Development and Alumni Relations, the lead fundraiser of the College. The approval for encumbered items was given to the CFO and the Chair of the Finance committee, and could not be exercised until $350,000 was credited to the lead gift line. This set up the Catch-22 that the College could not fill the lead fundraising position until a certain amount of fund had been raised.

However, the Finance Committee held a conference call on May 23, 2001, and discussed the University's upcoming $880,000 deficit. Participants in the conference call specifically addressed the then $1.6 million lead gift line with the result "That makes this forthcoming budget proposal unbalanced."

During the Finance Committee meeting May 31st and June 1st, it was recorded that the college had a "lead gift line of $1.7 million with no definitive revenue source behind it and represents a significant gamble to the institution." The minutes further record "in summary, the Vice Chancellor said that he could not recommend approval of the budget as presented." It was at this meeting that the Finance Committee first raised the cost-saving ideas of "technology redundancies" and "sharing of facilities across campuses". These issues were to be examined further at the July 23d meeting of the finance committee in Columbus.

At the June 29th conference call of the Finance/Stabilization committee, then president Bob Devine registered his objection to the increase to a 2.0 million lead gift line in the College's budget and the items being encumbered.

During the Finance committee's meeting on July 23rd, the committee made a list of the biggest risks to the university's 2001 budget. 1.6 million of these risks was the lead gift line. Further expenditures that represented a risk made up another 1.5 million, including 200,000 in the over-awarding of discounts. Revenues that were not certain, including the list of embargoed items that was created specifically to offset the risk of the Lead Gift line, made up 1.8 million. The finance committee concluded that the **university** was in risk for about 1.45 million.

The committee then gave responsibilities for addressing expenses that could be reduced to compensate for the necessary risks previously stated. This included both Yellow Springs Functional Redundancies and a mandated headcount reduction of 10 people, assigned to Jim McDonald and Bruce Bedford. Item also assigned to members for further investigations were outsourcing and the sale of yellow springs real estate.

Tom Clough specifically indicated at this meeting that the University should distribute a document that outlined the true financial situation at the university to faculty and staff to dispel fears and rumors.

The first mention of depreciation was during the May 31 finance committee meeting. During this meeting, the committee also accepted a proposed 275,000 loan to Seattle for renovations. The committee minutes indicate that the charge from the board was to develop a financial stabilization plan based on:

No financial losses in the next 18 to 24 months.
All units staying in budget.
A restructuring of budgetary practices and presentations.

At the July 23rd finance committee meeting, Jim McDonald distributed financial plans including depreciation "to give the committee a clearer picture of the financial situation at each unit." They also examined the number of personnel at each campus.

The revised budget given to the board in December removed the college's subsidy revenue from the university. This revised budget was used as the reason for the college to investigate money-saving reductions. The December actual budget shows that these subsidies have continued to be given to the college, hence the college's performance in December is better then predicted by a $.5 million.

Additionally, a 1 million gift was received by the College in December. The University CFO reported that he was unaware of this gift, so the revenue will not show up until January. $500 thousand of this is unrestricted, and will be applied to January's operating budget. Even without this revenue included in January, the budget for January shows an excess, due to the revenue of spring tuition and the lower then anticipated heating costs.

The Finance committee of the board was charged to develop a stabilization plan that included all units staying in budget, a policy initially approved by the board October 1985.. To implement this requirement, University officials instructed the college to develop a financial plan to deal with a 1.8 million projected deficit at the college. The university officials did not explicitly communicate to the College governance that this 1.8 million projected college deficit is a worst-case scenario based on

1-the omission of University subsidies to the college, (subsides which are specifically mandated in the ULC principles & policy handbook)
2- the inclusion of depreciation at the college for items listed as university assets (which had never been included prior to Oct 2001), and
3-a reduction of the lead gift line (which made up $1.8 million of the finance committee's calculated risk) from the BOT approved $2 million to $600 thousand.

In all prior years, the University offset the year-end actual deficit by waiving the University overhead fees for the college. In October of this year the University administration changed that policy by instead offsetting the inclusion of the deficit at the college level, and requiring a 0-dollar projected deficit. Given that the college has run a deficit for probably 25 of the last 30 years. these mid-year changes to the college's budget provides a clear University foundation for the inclusion of the College in university personnel cuts.

These concerns have been raised and discussed by community members and college governance bodies throughout the process initially started October 25th by Jim Hall. If the College had had adequate leadership at the October board meeting and December Executive committee meeting, the College could have bought these issues to the Board of Trustees. Unfortunately, the same people that were in charge of the final budget proposed to the board of the trustees were the same officials that were charged with representing the College to the Board of Trustees.

It is clear that an immediate re-examination of the College's budgetary is warranted. The current performance of the college would seem to indicate that the drastic college budget-cutting measures proposed by University administration are not necessary, and that reduced budget-cutting options should be explored.

Antioch College
Budget Proposals 2001-2002

FUNCTION	2001/02 AdCil Budget	+Fav-Unfav Change	% Change	2001/02 REVISED Budget	+Fav-Unfav Change	% Change
Revenues						
Tuition and Fees	13,357,425	1,194,960	9.82%	13,330,425	(27,000)	-0.20%
Less Tuition Discounts	(3,069,377)	(126,775)	4.31%	(3,149,377)	(80,000)	2.61%
Gifts	1,854,689	(773,311)	-29.43%	1,854,689	0	0.00%
Lead Gifts	0	0	0.00%	1,659,688	1,659,688	100.00%
Grants	1,300,000	(39,569)	-2.95%	1,338,293	38,293	2.95%
Endowment Income	181,000	(7,000)	-3.72%	381,000	200,000	110.50%
Contracts	0	0		0	0	0.00%
Other Income	100,000	(62,000)	-38.27%	133,139	33,139	33.14%
Total E&G Revenue	13,723,737	186,305	1.38%	15,547,857	1,824,120	13.29%
Auxiliary Enterprises	2,455,635	(171,121)	-6.51%	2,455,635	0	0.00%
Released From Restrictions	1,600,000	425,620	36.24%	714,997	(885,003)	-55.31%
Total Revenues	17,779,372	440,804	2.54%	18,718,489	939,117	5.28%
Operating Expenses						
Instruction	4,954,755	(118,889)	-2.34%	5,373,971	419,216	8.46%
Research	0	0		0	0	0.00%
Public Service	0	0		0	0	0.00%
Academic Support	1,014,242	(67,073)	-6.20%	1,013,357	(885)	-0.09%
Student Services, Admissions, FinAid	2,347,345	(135,519)	-5.46%	2,848,595	501,250	21.35%
Institutional Support	2,479,413	25,671	1.05%	2,782,292	302,879	12.22%
Plant Maintenance	1,515,799	107,937	7.67%	1,822,127	306,328	20.21%
Scholarships	1,907,253	0	0.00%	2,012,166	104,913	5.50%
Total E&G Expenses	14,218,807	(187,873)	-1.30%	15,852,508	1,633,701	11.49%
Auxiliary Enterprises	2,142,126	(56,495)	-2.57%	2,210,910	68,784	3.21%
Total Operating Expenses	16,360,933	(244,368)	-1.47%	18,063,418	1,702,485	10.41%
Excess Revenue over Expenses	1,418,439	685,172	93.44%	655,071	(763,368)	-53.82%
Annual Budget Conversion to Cash Basis						
Capital Expenditures	80,000	(2,113,484)	-96.35%	80,000	0	0.00%
Borrowing Proceeds	0	1,946,800	-100.00%	0	0	0.00%
Principal Payments	575,071	88,488	18.19%	575,071	0	0.00%
Add back Deprciation	0	0		0	0	0.00%
Total Cash Items	655,071	(78,196)	-10.66%	655,071	0	0.00%
Net Cash Basis Budget	763,368	763,368	0.00%	0	(763,368)	-100.00%
Salary,Wage, & Benefit Improvements	443,673	443,673		Included	Included	
Additional Approved Searches & Vacancies	319,695	319,695		Included	Included	
Net Cash Basis Budget	0	0		0	0	0.00%

Antioch College 2001-2002 Budget Proposal

5/20/01

Changes to ULC Budget Proposal as recommended by the University Finance Office

EXPENSES

1	ADD	Arts Lab Expenses	01121	8,000
2	ADD	Overtime Security	41009	15,000
3	ADD	CG C-Shop taxes	41106	400
4	ADD	Vehicle Expense	51004	4,200
5	ADD	President's Ofc Memberships	51004	3,000
6	ADD	Univ Conf & Sabbatical	51010	26,000
7	ADD	FWSP Match	51010	24,000
8	ADD	Bank Charges	51010	10,000
9	REDUCE	Drey Contingency June '02	51010	200,000
10	ADD	Overhead Calculation	51010	198,770
11	ADD	University Subsidy	51010	(198,770)
12	REDUCE	Salary Calculation	51014	(24,000)
13	ADD	Capital Campaign - writer	53014	13,000
14	ADD	Overtime Maintenance	61001	3,000
15	ADD	Overtime Custodial	61002	5,000
16	ADD	Overtime Bldgs & Grounds	61003	25,000
17	ADD	Contracts & Repairs	61003	60,000
18	ADD	Natural Gas	61004	70,000
19	ADD	Fuel Oil	61004	8,000
20	ADD	Overtime Dining Services	71001	12,000
21	ADD	Purchased Services	71001	10,000
22	ADD	Food & Food Supplies	71001	35,000
	NET TOTAL ADDITIONS & REDUCTIONS:			507,600

Additional Changes to ULC Budget Proposal as recommended by the University

EXPENSES

1	ADD	Utilities-water/sewer	61004	18,000
2	ADD	Admissions & Development	51014	41,896
3	ADD	Fujitsu Maintenance Contract	61001	29,350
4	ADD	Additional Antiochian	51014	26,000
5	ADD	Admissions PT counselors	41002	23,704
6	ADD	Benefit Adjustments-Med/WC	various	292,567
	NET TOTAL ADDITIONS & REDUCTIONS:			431,517

NET TOTAL EXPENSE ADDITIONS & REDUCTIONS: 939,117

REVENUE Changes to ULC Budget Proposal

1	REDUCE	Released From Restricted	51010	(885,003)
2	REDUCE	Net Tuition & Fees	51010	(107,000)
3	ADD	Lead Gifts	51010	1,659,688
4	ADD	Grants	51010	38,293
5	ADD	Endowment	51010	200,000
6	ADD	Other Income	51010	33,139

NET TOTAL REVENUE ADDITIONS & REDUCTIONS: 939,117

From: Glenn Watts <glenn@university.antioch.edu>
To: jcraiglow@antiochne.edu, bdanley@mcgregor.edu,
bdevine@antioch-college.edu, tamurdock@antiochsea.edu,
mark_schulman@antiochla.edu, lalexandre@antioch.edu
Cc: jhall@antioch.edu, bedfob@yahoo.com, msweetwood@aol.com,
rkrinsky@segalco.com, jmcd1@optonline.net
Subject: Request for Organization Charts

Dear Presidents,

The Stabilization Committee met last Friday and asked that they be provided with current organization charts for each of the campuses and operating units. These are to be conventional box and line charts showing the name of the departments.

In most cases, it will be necessary to divide the chart into several sections in order to conveniently display all of the appropriate information on standard size paper. Please make sure that individuals who are unfamiliar with your structure can properly associate the various chart sections.

The Stabilization Committee will be meeting in Columbus on Monday, Juiy 23. In order to be able to duplicate, assemble and mail the organization charts to the Committee, we will need your charts not later than Tuesday, July 17.

I recognize that this task represents a significant effort for those campuses that have not already prepared organization charts, but the Committee is working under a short timetable to complete its work before it must respond to the full Board. Therefore, the Committee members are very anxious to have this basic administrative information as soon as possible.

It is my understanding that we will need to prepare organization charts for the North Central accreditation review. The organization charts that you update or prepare for the Committee should meet, in large part, the future needs of the North Central accreditation team.

A request of this nature may create some concern about how the material may be used and to what end. The Committee has requested these charts to gain a better understanding of the structure and complexity of the

campuses. The Committee knows that the information that can be gleaned
>from an organization chart is limited and that the Presidents will need to
be consulted about any changes that might be considered. Jim McDonald is
making provision in the Committeeís timetable for the involvement of the
Presidents and you can be assured that you will be consulted.

If you have any questions about this request, please call.

Glenn

[Note: the Board at its February 2001 meeting approved a schedule of tuition and fees for Antioch College.]

Jim McDonald referenced the budget book for background on the following resolution:

RESOLUTION 6.02.01:7 (McDonald/Bedford)

WHEREAS, the Board of Trustees has approved the quiet phase of a capital campaign; and

WHEREAS, more than $700,000 of expenditures preparatory to the capital campaign have been reflected in the College budget for FY 2001-2002; and

WHEREAS, there is uncertainty as to the amount of unrestricted lead gifts which will be recognized during FY 2001-2002;

RESOLVED, that upon the recommendation of the Chancellor, the University Leadership Council, and the Finance Committee, the Board of Trustees adopts the unrestricted general operating budget and the capital budget for FY 2001-2002 as presented to the Board of Trustees at this meeting and as modified to increase the lead gift line of the college's unrestricted general operating budget from $1,659,688 to $2,000,000;

FURTHER RESOLVED, that the following items in the College Budget shall be considered "embargoed expenditures":

Development Office vacant position	$ 67,548
Build-up in the Admissions Office	455,075
Drey Revolving Fund	200,000
Salary Increases above 2%	299,377
Campus Contingency, Discretionary	150,000

and the following items as discussed at this meeting shall also be considered embargoed expenditures:

University Conference Fund	
New England	$ 8,480
Seattle	8,400
Southern California	9,240
McGregor	5,240
College	8,640
Adult campuses, $17,000 each	68,000
University Administration	20,000

FURTHER RESOLVED, that the Board of Trustees hereby delegates to the Vice Chancellor and CFO and to the Chair of the Finance Committee authority to approve the expenditures that have been designated as "embargoed expenditures" in the unrestricted general operating budget and the capital budget for FY 2001-2002, such approval being expressly contingent upon the availability of funds from gifts or other sources that can be credited to the lead gift line that are not otherwise reflected in the revenues of said budgets. The authority to approve embargoed expenditures shall not be exercised until such time as $350,000 has been credited to the lead gifts line of the College's unrestricted general operating budget for 2001-2002. The final $350,000 shall be credited only after all embargoed expenditures have been released.

FURTHER RESOLVED, that the Board of Trustees hereby delegates to the Vice Chancellor and CFO the final authority to approve capital expenditures between $10,000 and $25,000 as set forth in the FY 2001-2002 capital budget.

FURTHER RESOLVED, that the Board hereby ratifies and confirms the action taken by the Vice Chancellor and CFO to require all campus CFO's to certify in writing the accuracy and completeness of their respective budgets for FY 2001-2002.

FURTHER RESOLVED, that it is the policy of the Board of Trustees that all budgets hereafter submitted to the Board for approval shall be accompanied by the written certification of each campus President and CFO certifying to the accuracy and completeness of that campus' proposed budget, in a form satisfactory to the Vice Chancellor and CFO.

RESOLVED FINALLY, that each campus and other operating units of the University shall hereafter fully comply with the expenditure and revenue control measures, including encumbrance of approved expenditures, specified by the Vice Chancellor and CFO.

Passed unanimously.

RESOLUTION 6.2.01:16 (McDonald/Kasch)

RESOLVED, that $600,000 of the gain (realized or unrealized) or earnings on the University's unrestricted endowment fund shall be made available to the campuses during FY 2001-2002 as budgeted, to provide funds for infrastructure and or program development. At such time in the future that certain unrestricted bequests and pledges from the College's last capital campaign are received (which have been previously identified to fund campus reserves per Resolution 2.6.99:13), those funds will be placed in a quasi-endowment fund which shall be used to provide the College with annual operating funds in lieu of receiving distribution from the endowment fund under the Board's current policy (Resolution 6.5.99:10) which shall be temporarily suspended to permit future gains and earnings on the endowment fund to accumulate.

Passed unanimously.

Antioch University
Finance Committee Minutes
May 31 and June 1, 2001

Present: Jim McDonald, chair; Bruce Bedford; Bob Krinsky; Monique Clague; Pegene McPhaden; Leressa Crockett; Art Zucker; Niels Lyster; Judy Palmer; Glenn Watts; Rosalie Sturtevant; Toni Murdock; Barbara Danley; Jim Craiglow; Mark Schulman; Bob Devine; Jim Hall; and David Weaver. Several other members of the Board were also present.

The Finance Committee meeting held in Keene, New Hampshire spanned May 31 and June 1, 2001. The meeting began with the approval of Beverly L. Viemeister as the Chair of the Glen Helen Board of Overseers and Randall G. Daniel as the Chair of the WYSO Resource Board by unanimous vote. Both terms begin July 1, 2001.

The main item of discussion was the 2001-02 Antioch University budget. An introduction concerning the 2000-01 year-end by Glenn Watts indicated that Antioch's bottom line has been drifting down in recent years. He mentioned that the University could realize a deficit of $870,000 or more at June 31, 2001, including stock market fluctuations.

In the 2001-02 budget, as in past years, depreciation is not covered and will represent a $2.9 million expense. The College budget contains a Lead Gift line of $1.7 million with no definitive revenue source behind it and represents a significant gamble to the institution. This budget is extremely tight and, even though the contingencies and liquidity reserves are pledged to cover depreciation, the budget still represents a deficit. Everything must go right to avoid another deficit, and this budget contains too much risk. In the past, liquidity and contingency reserves have been sufficient to cover the deficit, but that is not the case in 2001-02. Problems that arise with a deficit are unfavorable audit comments, not meeting bond covenants, risks to continuation of Federal financial aid, and the upcoming NCA reaccreditation process. In summary, the Vice Chancellor said that he could not recommend approval of the budget as presented.

Speaking on behalf of the Presidents, Jim Craiglow emphasized that the campuses need short term stabilization, both financial and strategic. The adult campuses have over $2 million in unfunded reserves due them from the 1980's. The Presidents do not want this fact lost in stabilization discussions.

A discussion ensued concerning the budgeted $600,000 of Endowment gains to be used for adult campus capital and program development projects. It was agreed that Antioch needs to shoot for a break even finish in the 2001-02 year.

The Committee brainstormed on a few areas of interest to be examined at the July 23rd meeting in Columbus. Glenn and Rosalie are to prepare materials for discussion of these items, which are:

- the existing Budget Guidelines
- possible properties and land holdings that could be sold
- outsourcing
- sharing of facilities across campuses
- technology redundancies
- creative ways to realize bequests
- sources of additional funding to invest in PR and marketing
- organization charts, personnel ratios and vacant positions
- faculty course load practices at each campus

The Committee also decided that Jim Hall would notify each campus president that a short term hiring approval process would go into place immediately to give the Stabilization project members time to get their bearings on the financial situation.

The meeting adjourned at 4:00 PM EST.

A review of the projected 2000-01 year-end was presented by Glenn Watts. With the stock market results through May 21, the year-end deficit appears to have fallen to around $888,000. The College annual fund is one variable that could still fall short of its goal. Lois Mann reported that there is $159,000 in solid pledges yet to come in, but that the annual fund will need to receive another $300,000 in gifts in June to make the budget. She pointed out that in June 2000, $300,000 was received into the annual fund, but the historical average amount for June is $171,000.

A discussion of the 2001-02 budget process ensued, with an explanation that the sources of the $1.6 million of lead gifts in the College budget is unknown at this time. That makes this forthcoming budget proposal unbalanced.

Board members requested that the College provide an updated year-end projection based on the April actuals and that the board be given the details of the Capital Campaign and special Recruitment budgets within the 2001-02 budget.

The meeting adjourned at 4:45pm EST.

Antioch University
Finance/Stabilization Committee Minutes
Conference Call
June 29,2001

Present: Jim McDonald, chair; Art Zucker, Pegene McPhaden, Judy Palmer, Dan Kaplan, Bruce Bedford, Bill Hooper, Jack Mersalis, Jim Hall, Glenn Watts, Rosalie Sturtevant

The meeting was called to order at 2:00 PM EST.

A brief discussion of the Seattle remodeling projected ensued with Glenn Watts describing the project itself as a conversion of part of the space vacated by the Swallow's Nest for use by the campus for library space, computer lab space, classrooms and offices. Bill Hooper assured the committee that he had reviewed the plans for the project and had talked to the architect and was satisfied with the plan. He recommended that the project be approved. The sources of funds were discussed which included a $275,000 loan from the University's Reserve Account to be paid back by Seattle over 5 years at 7% interest. A motion to approve the project by Bruce Bedford, seconded by Pegene McPhaden was approved by all committee members.

Next an informational item concerning the Capital Campaign's Ketchum contract was presented by Jim Hall. Because at the June 2001 Board Meeting, the finance committee made approval of this contract contingent upon the availability of funds, the committee was apprised of current situation. Given the draft contract language allowing for a thirty day termination of the Ketchum contract without further cost, the committee determined that the funds already in hand or pledged met the contingency.

The committee next began work on the Financial Stabilization process. The committee's charge from the Board is to develop a plan that provides financial stabilization across the University, which includes:

- no financial losses in the next 18 to 24 month period
- all units staying within budget
- a reduction of risk and a higher probability of achieving a balanced budget
- a restructuring of the budget practices and the presentation of financial information

A report is to be presented to the Board at the Oct, 2001 meeting.

The timeline laid out is tentatively:

- July 9	Teleconference, 10 AM EST
- July 23	One day meeting in Columbus, location TBA
- August	Additional phone and possible face-to-face meetings
- Sept 15	Deliberations over and plan agreed upon
- Sept 28	Report to the Board written
- October 8	Report mailed to the full Board
- Oct 18	Board Meeting presentation

Chair Jim McDonald next suggested that in order to approve the budget, an 'embargo list' of items that would not be spent until lead gifts were received, needed to be developed and attached to the budget (see attachment for embargo list and spending procedure).

The meeting was recessed until the next day, 6-1-01.

The meeting reconvened on 6-1-01 at 10AM. Present: Jim McDonald, chair; Jeff Kasch; Art Zucker; Pegene McPhaden; Niels Lyster; Bill Hooper; Judy Palmer; Sandra Deming; Bruce Bedford; Lillian Lovelace; Glenn Watts; Jim Craiglow; Bob Devine; Toni Murdock; Barbara Danley; Mark Schulman; Jim Hall; Lois Mann

After discussion, it was agreed that the Lead Gift line must receive $350,000 before any of the specific embargoed items can be released.

President Mudock presented a proposal to build-out part of the space in the Seattle building that was formerly leased to the Swallow's Nest.

The meeting was recessed until later in the day.

The meeting was reconvened at 4PM. Present: Jim McDonald, chair; Niels Lyster; Sandra Deming; Art Zucker; Pegene McPhaden; Jeff Kasch; Bruce Bedford; Bill Hooper; Glenn Watts; Rosalie Sturtevant; Bob Devine.

There was a motion to approve the tuition rates, as they appear in the 2001-02 budget, by Art Zucker, seconded by Niels Lyster. All approved.

There was a motion to approve the 2001-02 budget, with the Lead Gift line increased to $2.0 million and the embargo qualifications, by Art Zucker, seconded by Judy Palmer. All approved.

Bob Devine registered objections to the $2.0 million lead gift line contained in the College budget and to the encumbrance procedure. Jim McDonald replied that the encumbrance procedure was a short term fix to keep us from a deficit in 2001-02 and was not intended as a permanent shift in how we do business. Glenn Watts commented that these are needed controls that several of the CFOs are welcoming and that the University Controller will work with the CFOs to set up an encumbrance system. Jeff Kasch added that we need discipline in place to limit the downside risk in this budget.

A resolution was moved by Bruce Bedford, seconded by Pegene McPhaden to allow the one time use of $600,000 of unrestricted endowment gains by the campuses for capital and program development items as described in the budget. All approved.

The meeting adjourned at 5:20 p.m.

Attachment

Antioch University
Finance Committee Minutes
Stabilization Project
Concourse Hotel, Columbus, Ohio
July 23, 2001

<u>Present</u>: Jim McDonald, chair; Art Zucker, Pegene McPhaden, Judy Palmer, Dan Kaplan, Bruce Bedford, Jeff Kasch, Bob Krinsky, Jim Hall, Glenn Watts, Rosalie Sturtevant, and guest consultant, Tom Clough.

The meeting was called to order at 10:00 AM EDT.

The purpose of this meeting was to discuss possible measures to take to ensure the financial stability of the University for 2001-02. Antioch cannot have a deficit finish to the year because of the upcoming accreditation review and because of the many bond covenants we must meet.

Jim McDonald led the committee through some background material and a summary of previous meetings this group has had. We then focused on some financial schedules requested by the group. Budgeted financials by campus were restated to eliminate overhead charges, rebates, and contingencies; depreciation amounts were added. This restructuring was done to give the Committee a clearer picture of the financial situation at each unit. Personnel ratios were also examined by campus.

Next the committee focused on what items were the biggest risks to the University completing the 2001-02 year with a surplus, as well as possible offsets. The items identified were:

- Lead Gifts not materializing	$1.66 million
- Unbudgeted expenses	$ .25
- Enrollment shortfalls	$ .50
- Over-awarding of discounts	$ .20
- Shortfall in the annual fund	$ .14
- "Murphy's Law" events	$ .50
- Endowment Income (new endowment)	($ .20)
- Hold the line on embargoed items	($ .85)
- Budgeted Excess	($ .75)
Total	$1.45 million

The Committee concluded that the University was at risk for around $1.45 million because so many items were shaky or uncertain. Tom Clough suggested that we prepare some materials that looked at the trend line of net income from students for the last several years.

The Committee then brainstormed about steps that might help to reduce some of the costs, and therefore risks, during the short term. The Committee member who will assume responsibility for each item is listed in parentheses.) These include:

- An audit of the Admissions Office (Dan w/Bob Devine)
- Increased PR and marketing (Art)
- Yellow Springs functional redundancies (Bruce and Jeff)
- A mandated headcount reduction of 10 people (Bruce and Jeff)
- The establishment of a stabilization fund, status of AIF funds, other? (Dan)
- National Procurement Contracts (travel, IT, supplies, long distance) (Peggy w/Barbara Danley)
- Outsourcing (Peggy w/Barbara Danley)
- Benchmarking (Glenn)
- Marginal Cost of Students, yield management (Bruce w/Toni Murdock)
- Excess Yellow Springs physical plant & real estate sales (Judy w/Glenn)

Faculty workload was also discussed and it was agreed that Bruce should as Bob Devine to suspend the change in loads that will become effective this fall. It is not clear what the change might cost in the future, or what other impacts it might have. Until the Committee completes its report, no workload changes should be implemented.

The Committee requested some comparable personnel counts for the past few years, if available.

Tom Clough asked us to consider if there is some acceptable level of deficit we might be willing to accept for the next few years. He also encouraged us to understand the marginal cost of students at the College. His advice was that a document explaining the true financial situation at the University and at the campuses be developed and widely disbursed to faculty and staff at all campuses to dispel fears and rumors.

It was decided that as many Committee members as possible would meet with Bob Devine and Barbara Danley in Yellow Springs on August 3 to gather input on the above list. The full committee will also meet again on Thursday, September 13 in New York at 9:00 AM EDT.

The meeting adjourned at 5:00 PM EDT.